

CITY OF EAST PROVIDENCE

RHODE ISLAND

JOURNAL OF SPECIAL COUNCIL MEETING

WEDNESDAY, SEPTEMBER 15, 2004

The City Council meets in Council Chambers at City Hall on Wednesday, September 15, 2004 and is called to order at 6:00 P.M. by Mayor Rolland R. Grant.

Present: Mayor Rolland R. Grant) Council Members

Daniel F. Harrington)

Norman J. Miranda)

Dr. Isadore S. Ramos)

Patrick A Rogers)

William J. Fazioli) City Manager

William J. Conley, Jr.) City Solicitor

John M. O'Hare) City Clerk

The invocation is read by Councilman (Dr.) Isadore S. Ramos and the Salute to the Flag is led by Councilman Norman J. Miranda.

The purpose of the special meeting is for introduction of the Proposed Budget for 2004-2005 by City Manager William J. Fazioli who gives a power point presentation.

Mr. Fazioli begins with an outline of where we are going in the City.

He discusses what City Government does for its citizens, some positive attributes of the City, some challenges that the City faces, and some specific budget drivers and remedies.

Mr. Fazioli describes some of the services provided:

- Annual tonnage of rubbish picked up is 20,000 tons.**
- 1.8 billion gallons of water are provided annually to City residents.**
- Over 384,000 items were circulated in our library system annually.**
- Parks and Recreation maintains 318 acres of land.**
- The Highway Department maintains 160 miles of city roads.**
- East Providence maintains \$12.5 million dollars in Federal Grants.**

The City manager now describes the diversity in the city and how well people get along. He goes on to say about how affordable the city is to live in and work. The city is poised for economic growth. He describes our diverse environment of residential, commercial, environmental and retail properties. Our Waterfront Commission is moving along with the Geo Nova Project and Ross Common development. There are other developments taking place outside the waterfront such as Riverside Plaza which is being revamped, a new Pawtucket Credit Union branch, Dunkin Donuts Satellite Bakery, a new office building on Warren Avenue and a new branch of Coastway Credit Union.

The housing market has gone up 2.5 times since 1997 which is good for the homeowner. We have one of the lowest tax rates in the state while providing a full range of services at a reasonable price, according to the Rhode Island Public Expenditures Council.

Mr.Fazioli now lays out the challenges facing the city. He includes:

- The cumulative deficits in the School Department and Wastewater Fund which totals over \$4,000000. He states that we have addressed these deficits but it will take time.

- Our Police and Fire Pension is underfunded by \$16,183,000.

- At \$4,100,000, our reserve funds are slim.

- We have some significant needs facing the city because we are an older city.

- According to rating agencies “The City’s financial position has deteriorated and further deficits could result in further negative rating action.”

The City Manager now goes on to describe specific Budget Drivers:

- The city is now looking at a \$2.3 million increase in the school department. He would refinance some of the debt.

- Increases in fixed operating costs include:

Health Insurance	\$550,000
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Retiree Health Insurance	\$175,000
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Fire Department Overtime	\$163,000
Debt Service	\$840,000
School Crossing Guards	\$117,000

Mr. Fazioli states that the total budget from fiscal 2003 to fiscal 2004 went from \$63.9 million to \$67.2 million which is an increase of 5%. He is disturbed that the city must replace over \$1,000,000 in revenue that was used from last year's budget but does not recur in FY2005. He declares the need to replace \$1,000,000 in revenue from 2004 to 2005.

The City Manager relates the 2005 Budget in a nutshell:

- Significant increases in fixed operative costs have increased debt service and health insurance.**
- New net revenues of \$318,000.**
- School transfers of \$2,330,000.**
- Recommendation to the City Council to catch up on appropriations.**
- Last year we cut certain things. We bought no new police cruisers and therefore we had 6 cars in the garage at all times getting repaired and not on the street.**

Cruiser mileage is over 100,000 miles. The manager recommends the purchase of 10 new vehicles.

- A proposal to increase library funds is recommended.**
- A proposal to increase technology funding is recommended.**
- Elevator repair in City Hall has been needed since 1991.**

- A new stump grinder is needed.

The remedies for what needs to be accomplished includes:

- Transfer \$38,764,716 to the School Department which is \$2,330,741 more than FY2004.
- Hiring an Information Technology Director with the first priority of updating the City's website.
- Review business models by looking for cheaper ways to do business such as cutting the \$75.00 that the City charges itself for doing an oil change.
- Providing necessary personnel for the Police and Fire Departments.
- Capital Improvement Plan-This will provide a pay as you go budget appropriation. The City Manager will request that the 1% hotel tax go toward the Capital Improvement Plan.

In summary, the budget calls for:

- Reducing department requests by \$5,000,000.
- Reducing school requests by \$2,500,000.
- A budget that serves the taxpayers well and balances their ability to pay, and moves the city forward.
- One that recognizes that tax increases are not something to be taken lightly.
- A proposal of a tax increase of \$1.00 per thousand.
- A goal to keep the tax rate as stable as possible.
- Keeping the water and sewer rate the same.

Public hearings on the Budget will begin in October.

Motion to receive the Budget is made by Mr. Rogers, seconded by Mr. Miranda.

Mr. Rogers	Aye
Mr. Miranda	Aye
Dr. Ramos	Aye
Mayor Grant	Aye
Mr. Harrington	Absent

Motion passes 4 to 0.

The first hearing for the budget is planned for October 5th.

Motion to have the first Budget Hearing on October 5th is made by Councilman Miranda, seconded by Dr. Ramos.

Mr. Rogers	Aye
Mr. Miranda	Aye
Dr. Ramos	Aye
Mayor Grant	Aye
Mr. Harrington	Absent

Motion passes 4 to 0.

Motion to adjourn is made by Mr. Miranda, seconded by Mr. Rogers, it is unanimously voted to approve.

The meeting adjourns at 6:35 P.M.

Attest:_____

Approved

October 5, 2004

JOHN M.O'HARE

CITY CLERK